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DEPARTMENT FOR EAP/K, ISN/NESS, EEB/CBA AND NEA/ARP

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TAGS: [ECON](#) [ENRG](#) [KNNP](#) [PGOV](#) [EINV](#) [ETRD](#) [AE](#) [KS](#)

SUBJECT: ROK FM YU ON ROK'S COMPREHENSIVE DEAL WITH UAE

Classified By: Ambassador D. Kathleen Stephens. Reasons 1.4 (b/d).

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ADDRESSEES ADDED.

1. (C) ROK Foreign Minister Yu Myung-Hwan hosted a one-on-one breakfast with Ambassador Stephens on December 30, and opened with a long description of the ROK-UAE nuclear plant deal. Other subjects covered in the breakfast will be reported septel.

2. (C) ROK Foreign Minister Yu Myung Hwan explained that as part of the USD 40 billion nuclear power plant contract awarded to Korea earlier this week, the ROK and the UAE have also agreed to cooperate in economic and military areas. The economic cooperation will include a wide range of areas such as renewable energy and education. FM Yu said the military cooperation agreement is confidential, and does not need to be ratified by the National Assembly. It will, however, allow the ROK to provide military-related training to the UAE, mostly in Korea itself, and by the use of retired ROK military officers in the UAE. While this part of the ROK-UAE is not now public, Yu said over time ROK activities in this arena could help to get the Korean public accustomed to the notion of greater global engagement by the ROK, including militarily.

3. (C) Foreign Minister Yu asserted that the UAE's decision to award the USD 40 billion nuclear plant contract to the ROK was actually sealed during his trip to the country in November; however, the UAE held out for a visit by President Lee Myung Bak before making the official announcement. Yu explained that the French bid was much higher than (nearly double) Korea, and moreover that France "played dirty" by casting doubt as to Korea's quality of work and ability to deliver. Yu said the UAE was eager for military cooperation because of its continued "psychology" of threat; although UAE's relations with Iran are currently relatively good.

4. (C) As Yu described it, the military collaborative agreement (which followed last month's trip to the UAE by Defense Minister Kim Tae-Young) is significant, and will include defense industry technology exchanges, cooperation on military training and support, and exchanges of high-ranking military officials. Yu noted that the UAE already has abundant arms and equipment, such as F-16s, that are "more and better than the ROK's," but they need training. As long as the ROK sends small numbers of retired ROK officers to the UAE, or brings UAE officers to the ROK for training, there will be no need for involvement by the National Assembly, which will allow the exchanges to remain confidential and low-key, he explained.

5. COMMENT: The contract award has been major news in South

Korea, and the Lee Myung-bak Administration clearly views it as a major accomplishment both in further securing the ROK,s critical need for a continued reliable source of oil and gas, and as a huge step in his administration,s goal of making "green growth" (read nuclear power) an engine of future ROK commercial success. Already there are expectations that more contracts in the Middle East will follow. As Seoul deepens its ties to the Persian Gulf region, we will want to deepen our own dialogue with the ROKs on the region and encourage them to be constructive players. END COMMENT.  
STEPHENS